



House of Representatives

General Assembly

File No. 67

January Session, 2017

Substitute House Bill No. 5925

House of Representatives, March 16, 2017

The Committee on General Law reported through REP. BARAM of the 15th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE INSPECTION OF OUT-OF-STATE SHIPMENTS OF ALCOHOLIC LIQUOR AND PENALTIES FOR INTENTIONAL VIOLATIONS OF THE ALCOHOLIC LIQUOR MINIMUM BOTTLE LAW.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2017*) In addition to the penalties
2 otherwise provided in title 30 of the general statutes, any holder of a
3 permit issued pursuant to said title who intentionally sells alcoholic
4 liquor at a price that is not authorized by section 30-68m of the general
5 statutes shall: (1) Have engaged in an unfair or deceptive act or
6 practice in the conduct of trade or commerce in violation of section 42-
7 110b of the general statutes and be subject to enforcement actions and
8 civil penalties under chapter 735a of the general statutes, (2) have each
9 permit held by such holder suspended for ten days by the Department
10 of Consumer Protection, and (3) be fined not less than five thousand or
11 more than ten thousand dollars per day that such intentional selling of
12 alcoholic liquor occurs.

13 Sec. 2. (NEW) (*Effective July 1, 2017*) Any person who advertises the
14 price of alcoholic liquor as being other than that permitted under
15 section 30-68m of the general statutes shall have engaged in an unfair
16 or deceptive act or practice in the conduct of trade or commerce in
17 violation of section 42-110b of the general statutes and shall be fined
18 not less than five thousand or more than ten thousand dollars per day
19 for each day of such violation.

20 Sec. 3. (NEW) (*Effective from passage*) All out-of-state manufacturers
21 and shippers of alcoholic liquor shall unload all shipments of such
22 products coming into the state in a warehouse facility, to allow for
23 inspection of such products by the state, before such products are
24 shipped to a distributor or retailer directly.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	New section
Sec. 2	<i>July 1, 2017</i>	New section
Sec. 3	<i>from passage</i>	New section

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Revenue Serv., Dept.	GF - Potential Revenue Loss	Minimal	Minimal
Consumer Protection, Dept.	GF - Potential Revenue Gain	less than 50,000	less than 50,000
Not specified	GF - Potential Cost	Significant	Significant

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a potential revenue gain of less than \$50,000, minimal potential revenue loss, and a potential significant cost.

The potential revenue gain is the result of a \$50,000 fine imposed for intentional violations of the alcoholic liquor minimum bottle law. The bill also requires a fine of \$5,000 to \$10,000 on retailers that advertise alcohol prices below the level allowed by the same law.

The potential revenue loss is caused by the second penalty for an intentional violation of minimum bottle pricing, a ten-day alcohol sales permit suspension.

Currently no alcohol retailer is intentionally violating the minimum bottle pricing law or advertising alcohol prices below the legal level.

The bill also requires out-of-state manufacturers and shippers of alcoholic liquor to unload such shipments in a warehouse to allow for unspecified state inspection. State regulation already requires such

unloading for liquor control purposes but does not require state inspection. To the extent that a state agency enforces this provision, the bill's cost is potentially significant.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and state agency efforts to enforce the bill.

OLR Bill Analysis**sHB 5925*****AN ACT CONCERNING THE INSPECTION OF OUT-OF-STATE SHIPMENTS OF ALCOHOLIC LIQUOR AND PENALTIES FOR INTENTIONAL VIOLATIONS OF THE ALCOHOLIC LIQUOR MINIMUM BOTTLE LAW.*****SUMMARY**

This bill (1) adds additional penalties for certain alcoholic liquor pricing violations and (2) requires out-of-state alcoholic liquor shipments to be unloaded in a warehouse to allow for inspection before going to a distributor or retailer.

EFFECTIVE DATE: July 1, 2017 for the new penalties and upon passage for inspection provision.

PRICING VIOLATIONS

In addition to any existing penalties, the bill adds penalties for any retail permittee (e.g., package or grocery store) that (1) intentionally sells alcoholic liquor below the state-authorized price (see BACKGROUND) or (2) advertises the price of alcoholic liquor as being below such allowable price.

Under the bill, violators are deemed to have committed an unfair or deceptive trade practice (CUTPA) violation and are subject to a fine of between \$5,000 and \$10,000 for each day of such violation. The Department of Consumer Protection (DCP) must also suspend for 10 days a permittee that intentionally sells below the authorized price.

By law, a violator of the minimum pricing laws is subject to a fine of up to \$1,000, up to a year imprisonment, or both (CGS § 30-113). DCP may also accept from permittees offers in compromise in lieu of suspension (CGS § 30-58a).

INSPECTION

The bill requires out-of-state manufacturer and shipper permittees to unload all shipments of alcoholic liquor coming into the state into a warehouse. The bill specifies that this is to allow the state (presumably DCP) to inspect the products before they are shipped to a distributor (i.e., wholesaler) or retailer directly.

BACKGROUND***Minimum Pricing***

With one exception, state law prohibits retailers that sell alcoholic liquor for off-premises consumption to sell “below cost.” The exception allows retailers to sell one item a month below cost but not for less than 90% of the cost. The law also establishes different formulas for calculating “cost”: one for beer and one for spirits and wine (CGS § 30-68m).

Connecticut Unfair Trade Practices Act (CUTPA)

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the DCP commissioner to issue regulations defining what constitutes an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney’s fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violation of a restraining order.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/07/2017)